

# **EXHIBIT A**



# *UNITED STATES OF AMERICA V. JAMES VELISSARIS*

DECEMBER 2022

**Faten Sabry, Ph.D.**



# Assignment



1. Assess IQ's alterations and valuations
2. Estimate but-for valuations
3. Identify impossible IQ valuations
4. Quantify impact on investors and fees

# Scope of Analysis

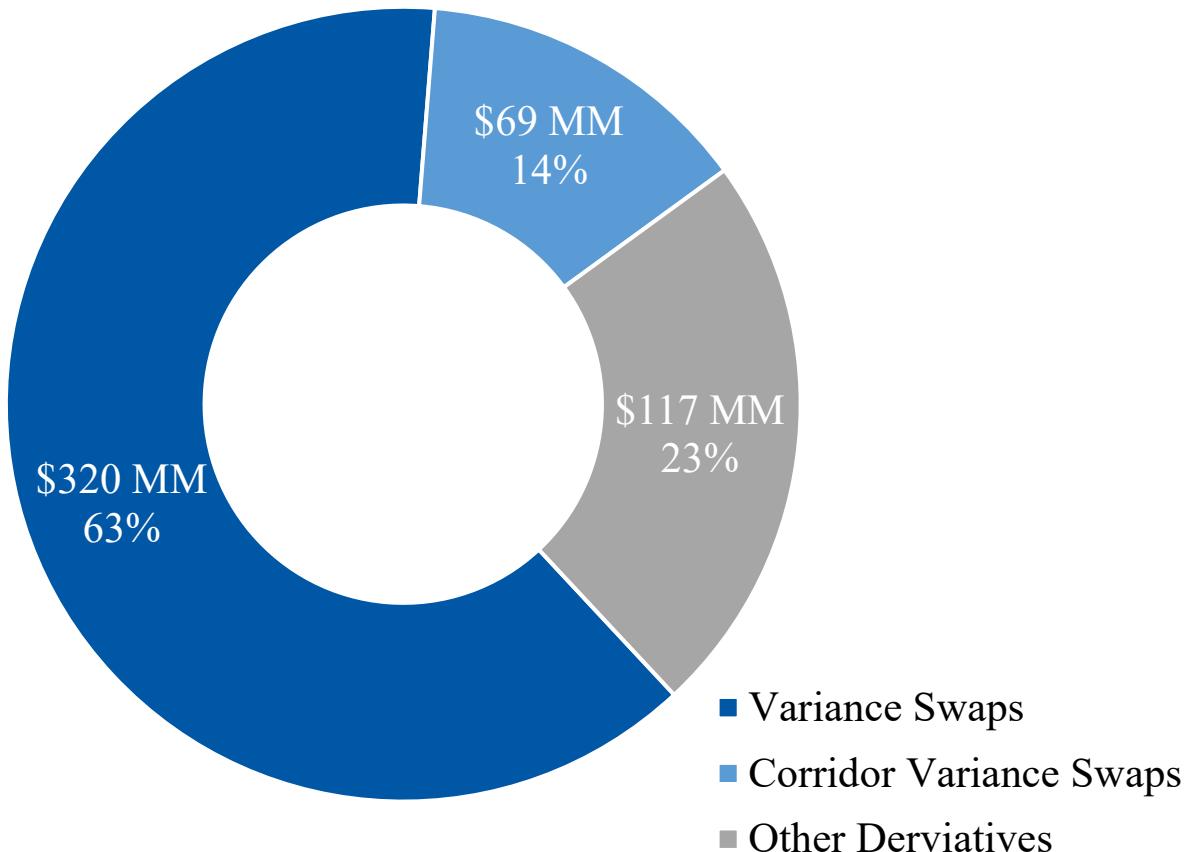


- Selected 62 positions to identify IQ's alterations and evaluate the impact of the alterations on the IQ valuations
- Analyzed 733 valuations based on Bloomberg's recorded data for IQ's valuations

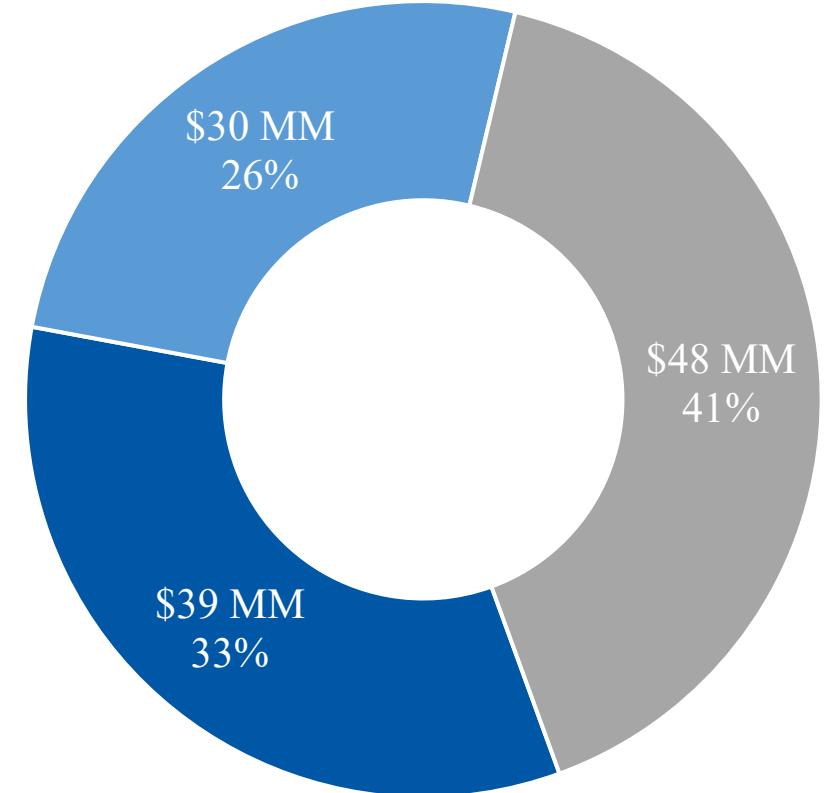
# Derivative Instruments in the IQ Funds

NERA  
ECONOMIC CONSULTING

**IQ Mutual Fund**



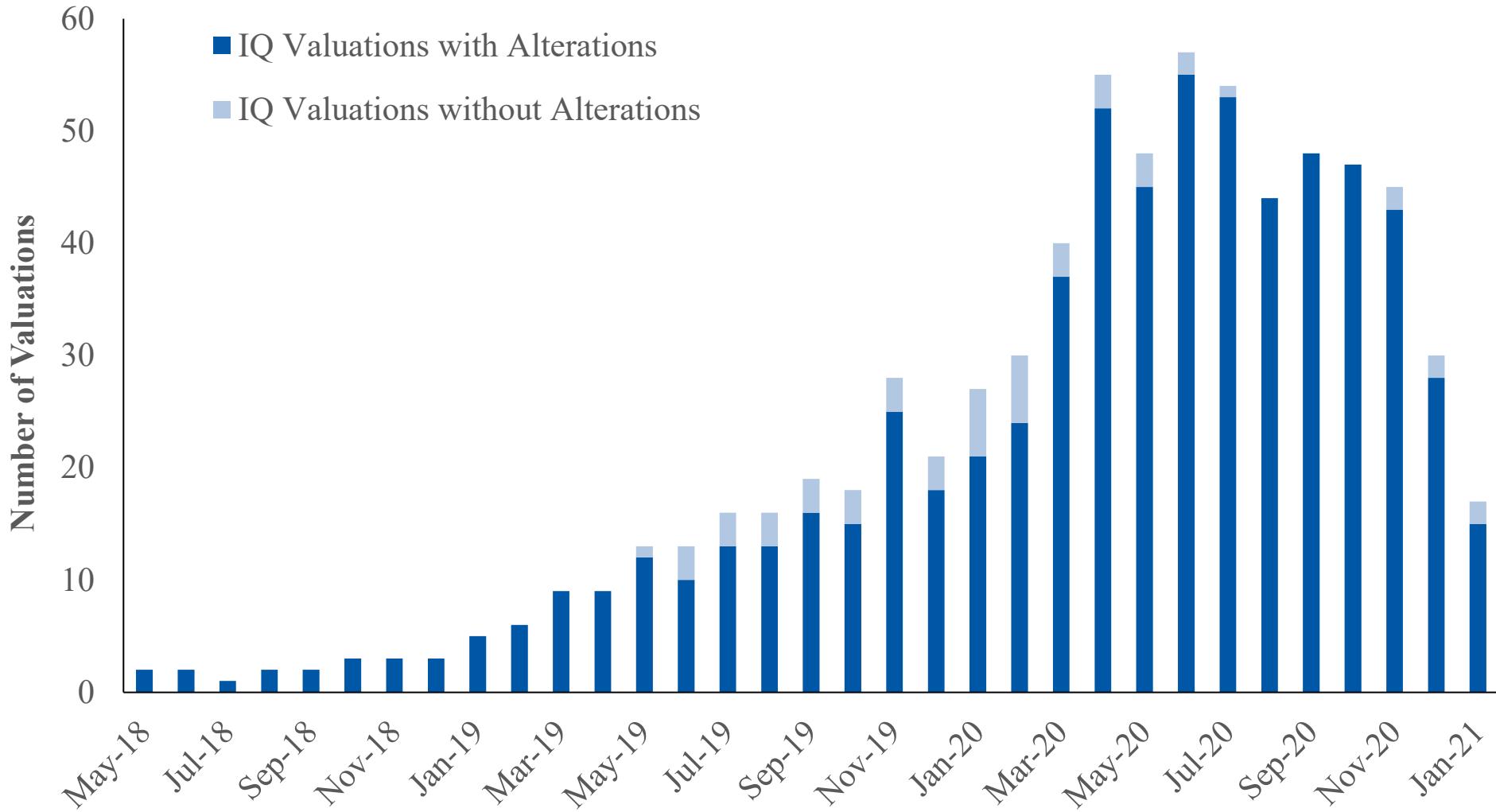
**IQ Hedge Fund**



# 1 | Assess IQ's Alterations and Valuations

# 93% of the 733 IQ Monthly Valuations Had Alterations

**NERA**  
ECONOMIC CONSULTING



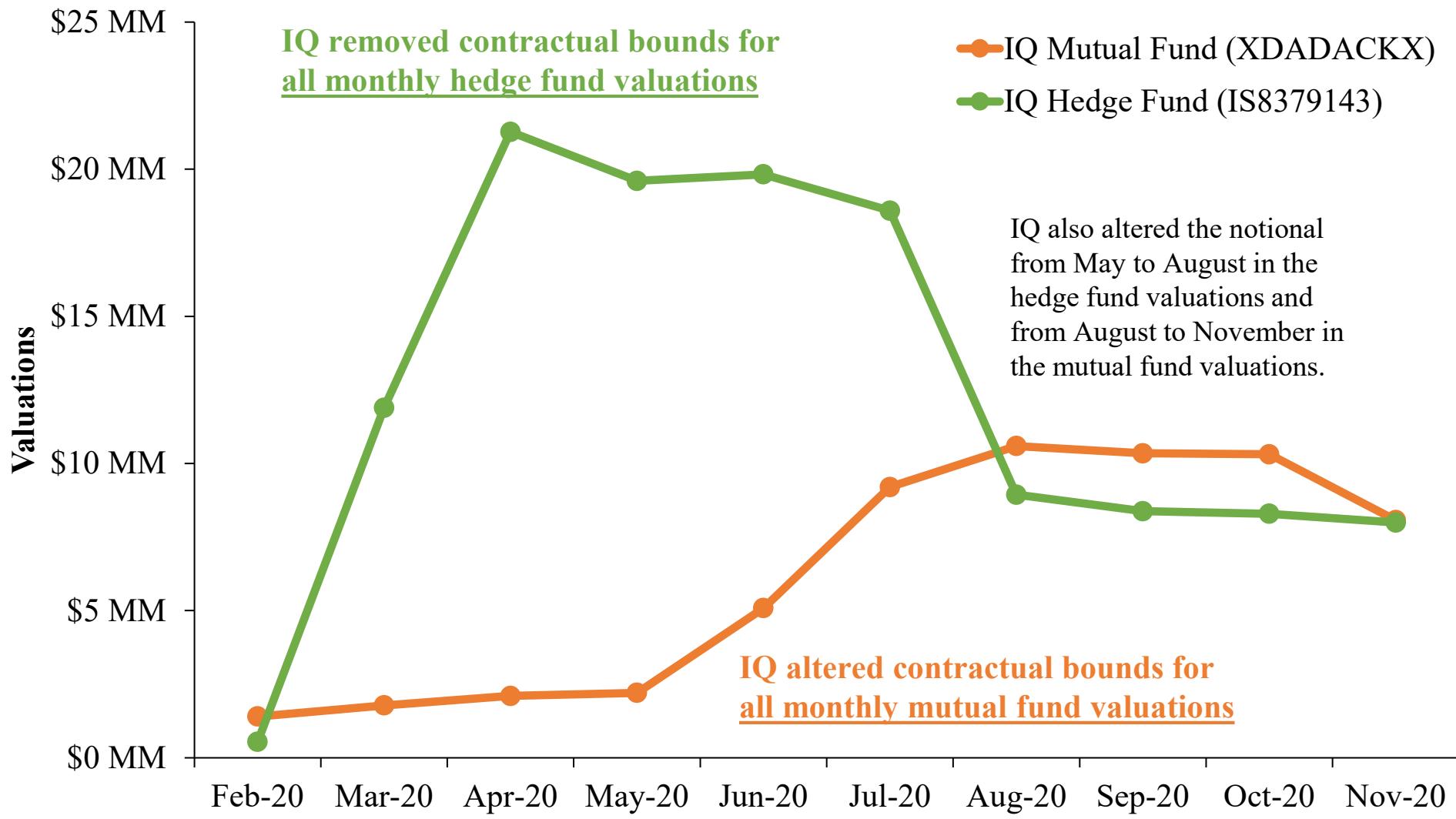
# IQ Altered Different Valuation Parameters

**NERA**  
ECONOMIC CONSULTING

Type of Alterations	Number of Valuations
• Strike Price	470 (64%)
• Vega Notional	146 (20%)
• Effective Date	181 (25%)
• Maturity Date	102 (14%)
• Corridors	316 (43%)
• Annualization Factor	39 (5%)
Valuations With Multiple Alterations	463 (63%)

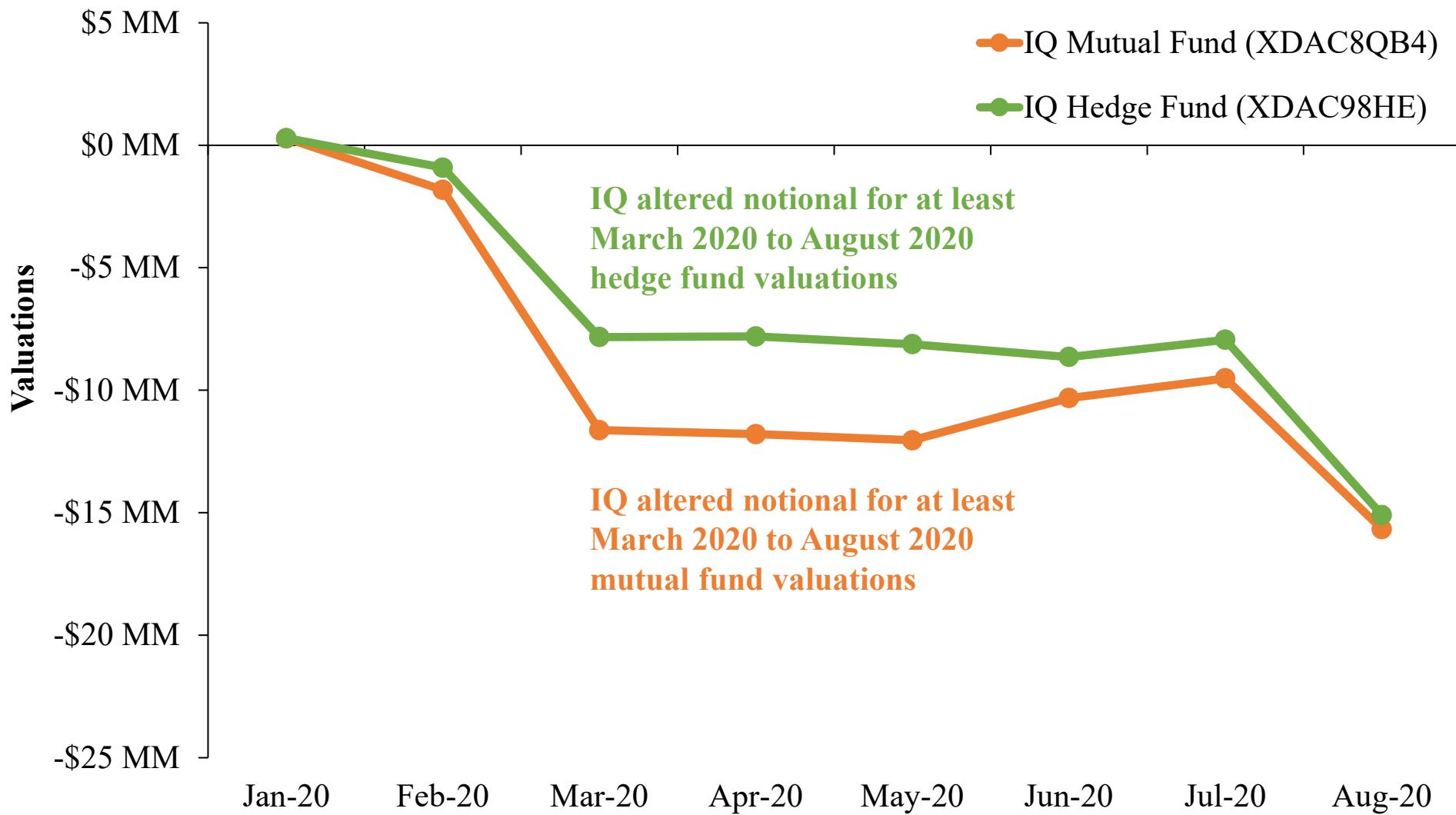
# IQ's Alterations Led to Contradictory Valuations of Identical Positions

**NERA**  
ECONOMIC CONSULTING



# IQ's Alterations Led to Contradictory Valuations of Identical Positions

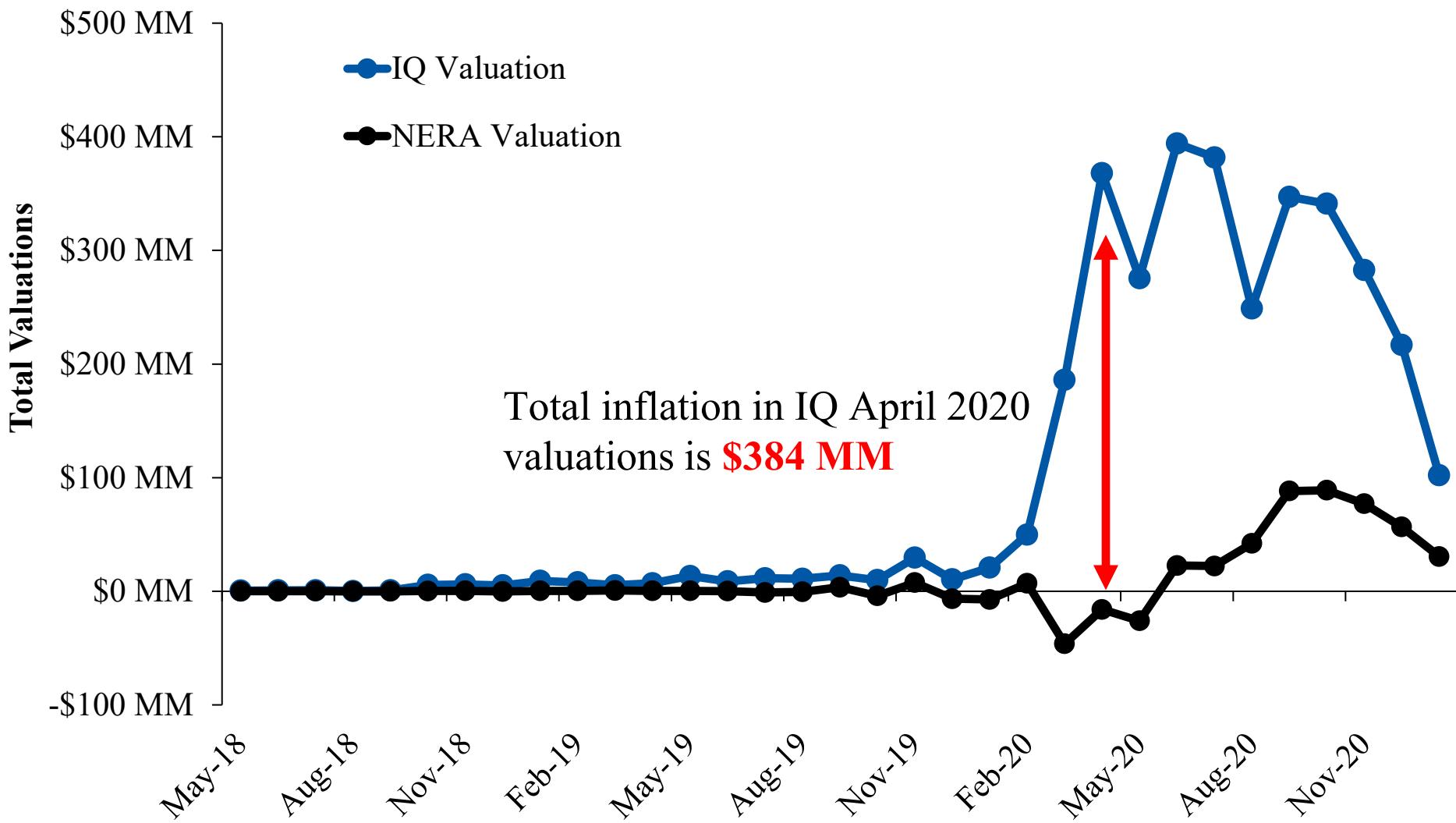
**NERA**  
ECONOMIC CONSULTING



## 2 | Estimate But-For Valuations

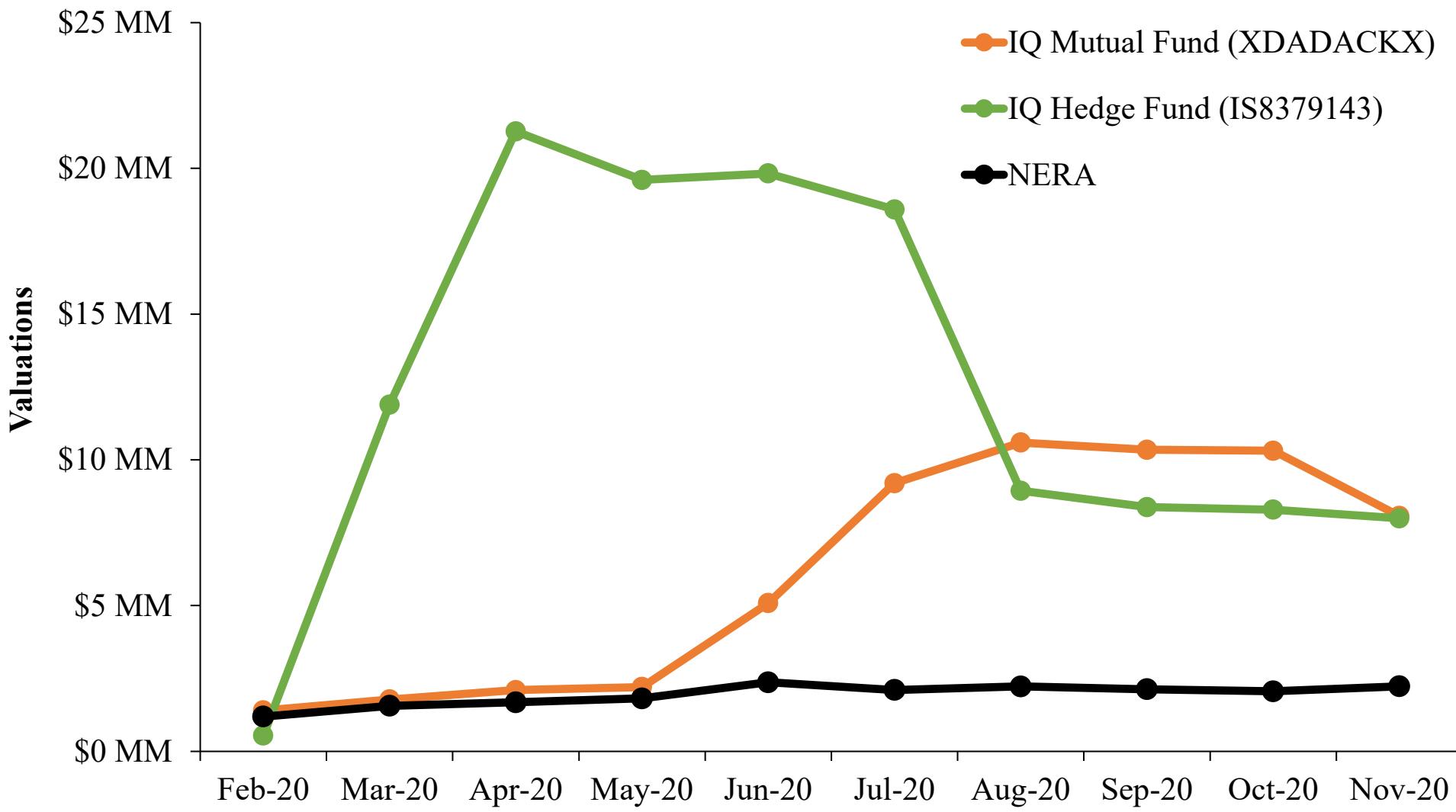
# Over \$200 Million In Inflated IQ Valuations for 62 Positions

**NERA**  
ECONOMIC CONSULTING



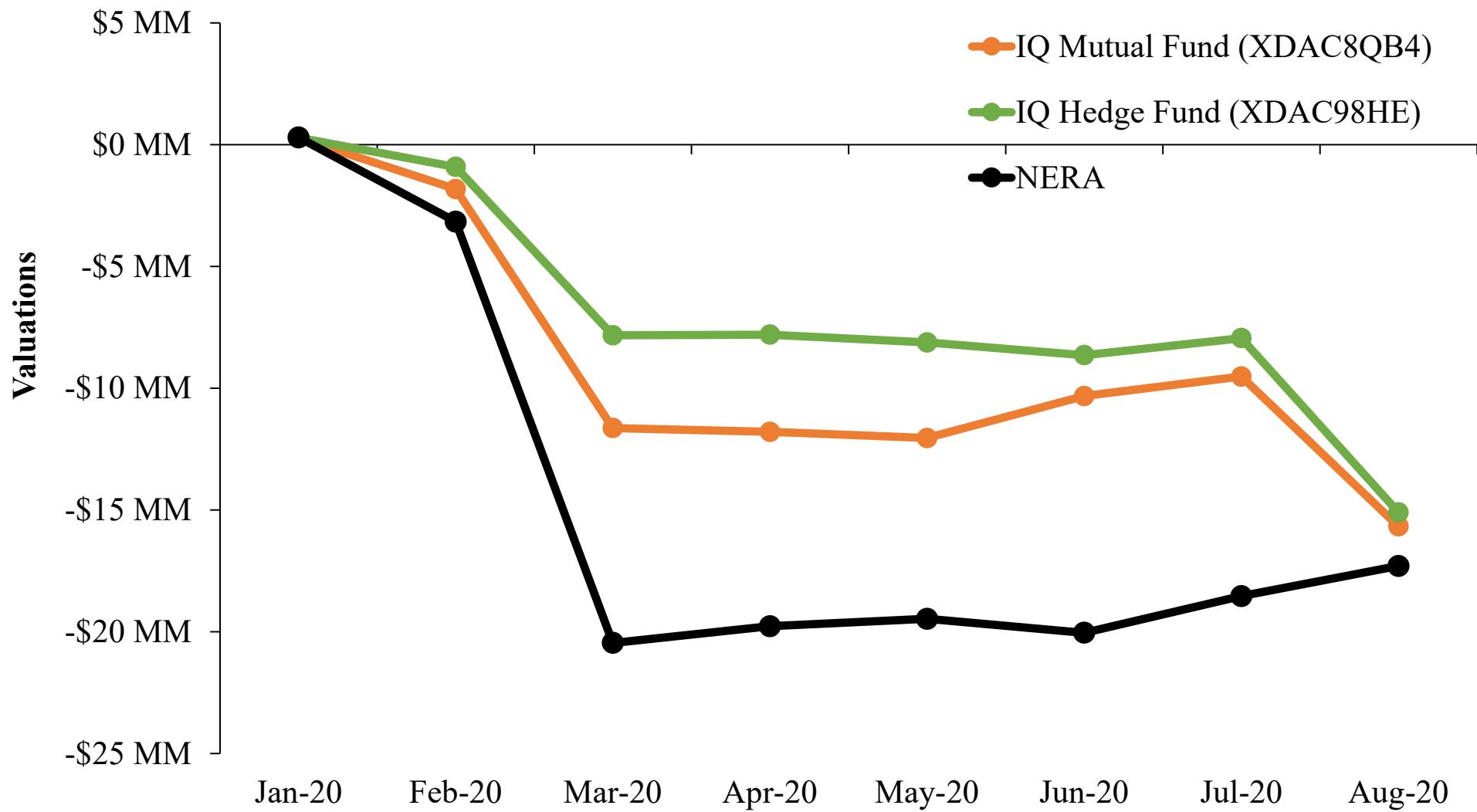
# IQ Inflated the Valuations for Identical Positions

NERA  
ECONOMIC CONSULTING



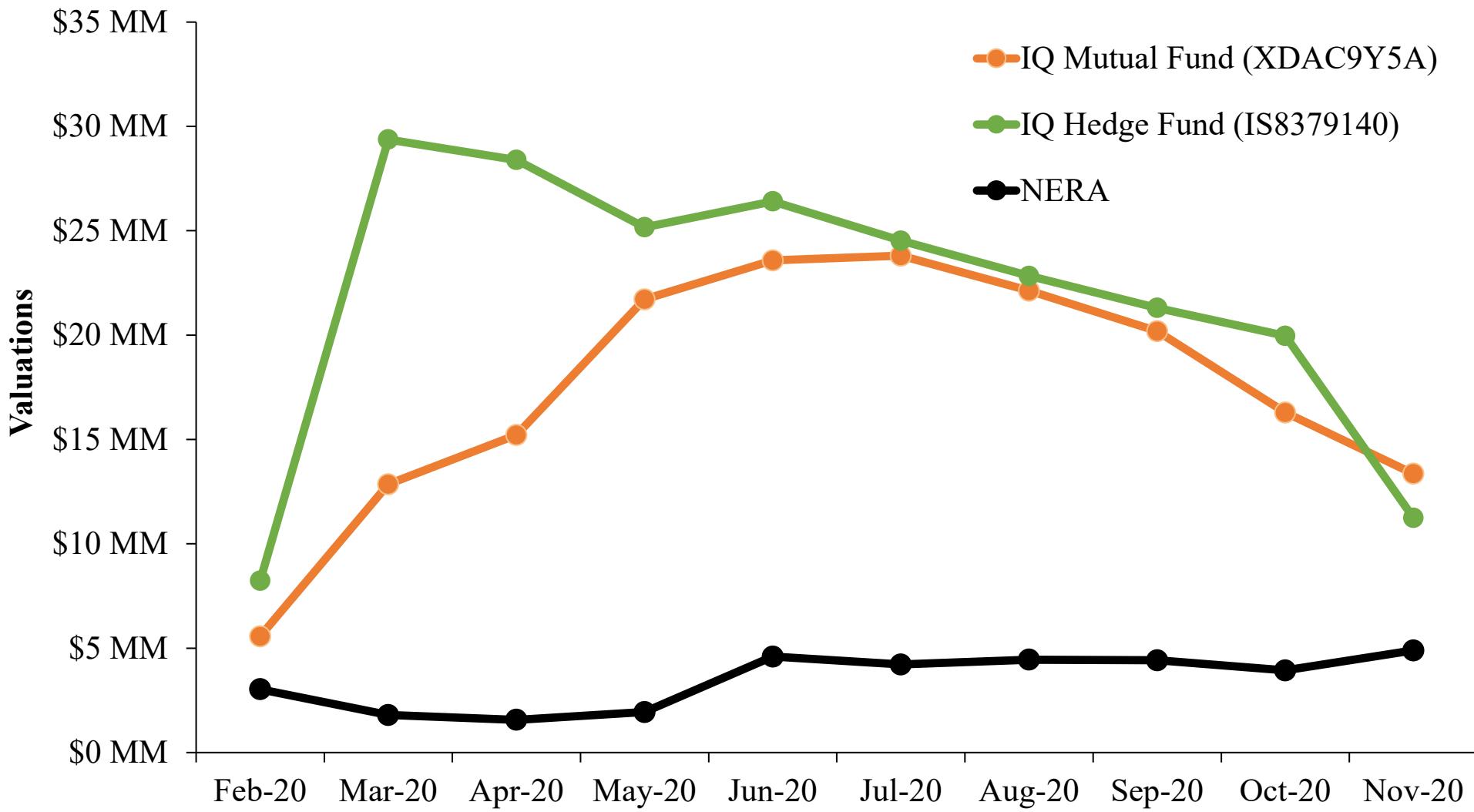
# IQ Inflated the Valuations for Identical Positions

NERA  
ECONOMIC CONSULTING



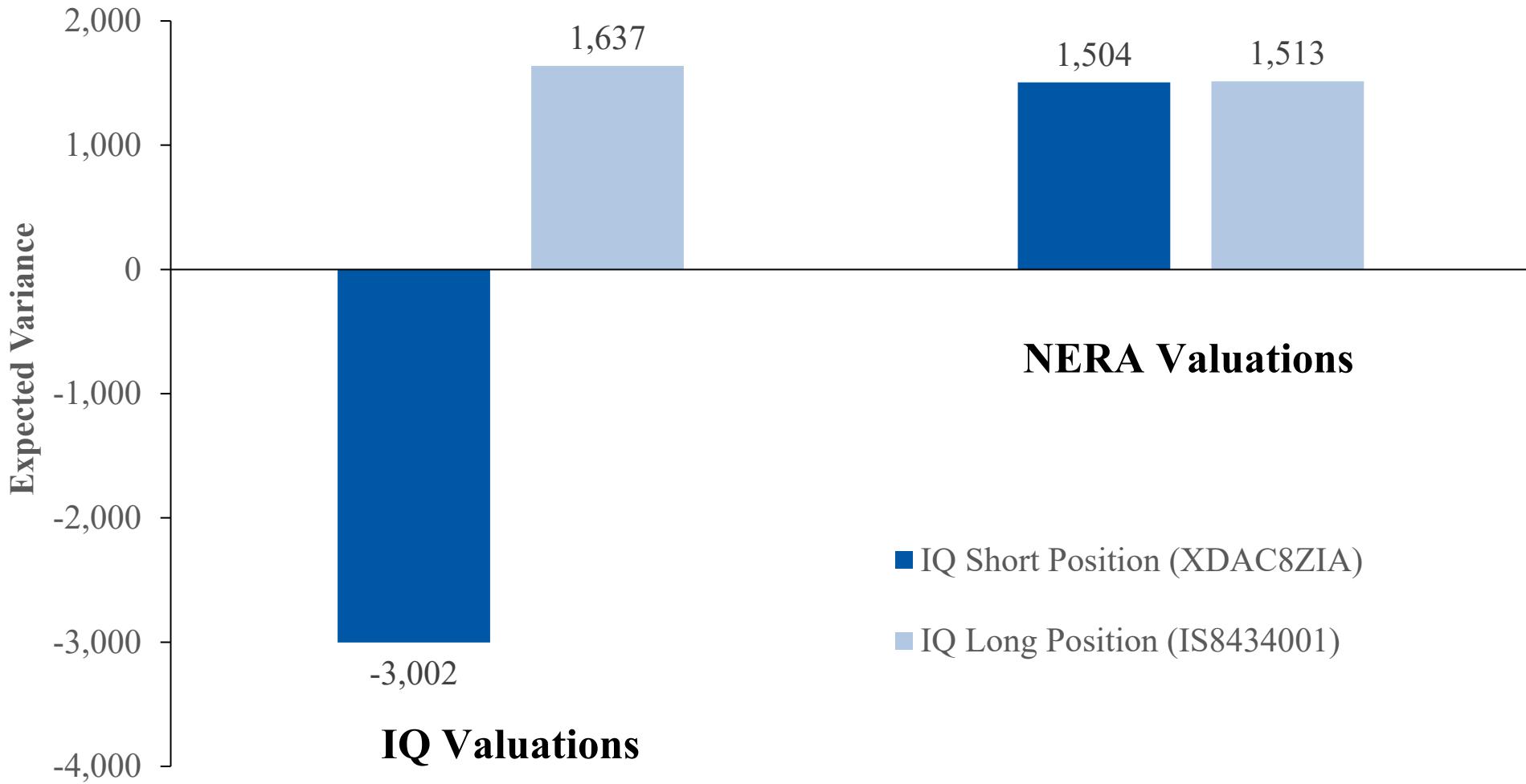
# IQ Inflated the Valuations for Identical Positions

**NERA**  
ECONOMIC CONSULTING



# IQ's Variance Expectations Differed Between Its Long and Short Positions

NERA  
ECONOMIC CONSULTING



# IQ's Valuations Are Inflated By \$2.9 Million On Average Relative to Close-Out Prices

**NERA**  
ECONOMIC CONSULTING

## Comparison of Close-Out Prices to IQ and NERA Valuations \*

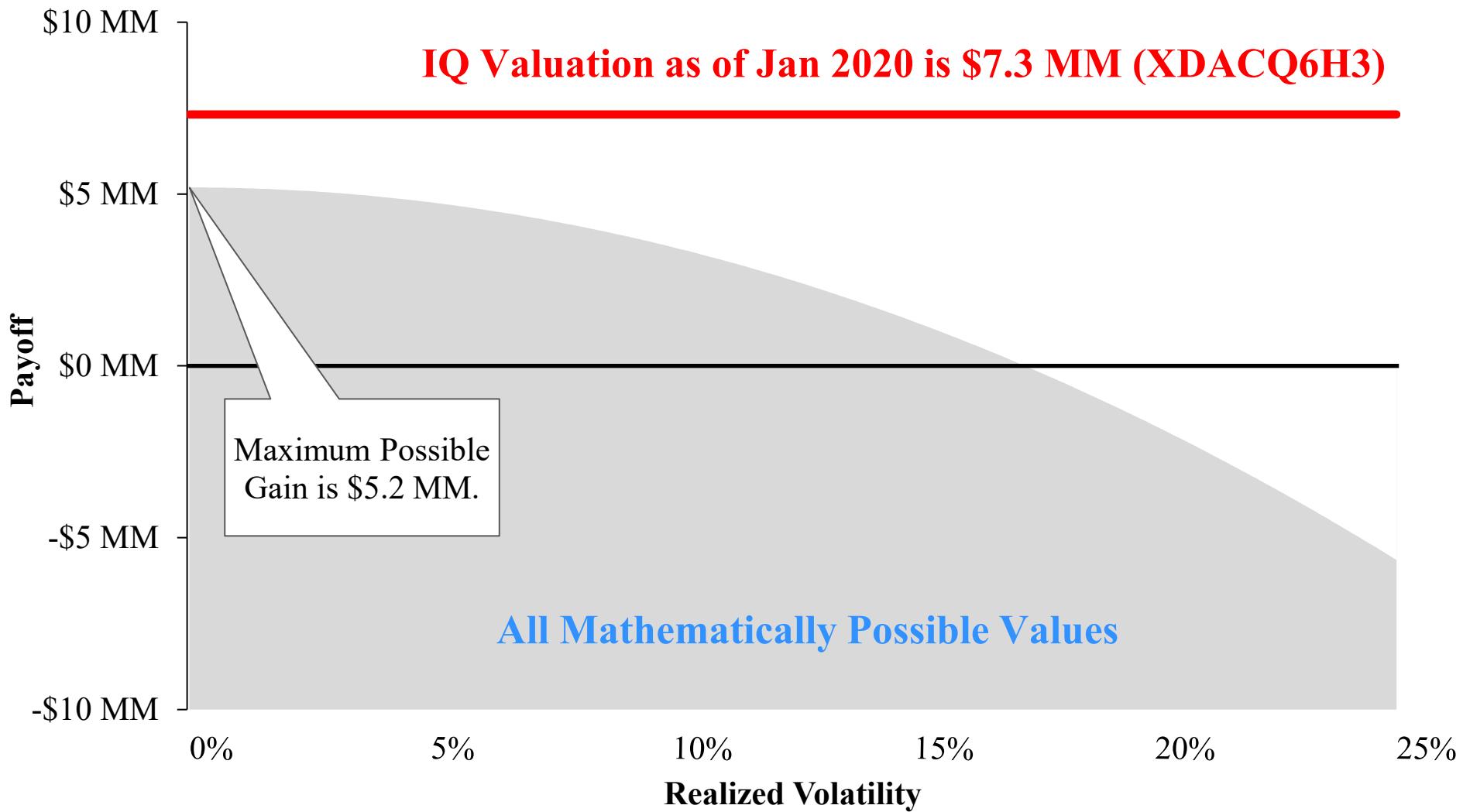
	Average Difference	Median Difference
IQ Valuations in Prior Month	\$2.9 MM	\$2.6 MM
NERA Valuations in Prior Month	-\$0.1 MM	-\$0.1 MM

\* For 31 closed positions as of January 2021

## 3 | Identify Impossible IQ Valuations

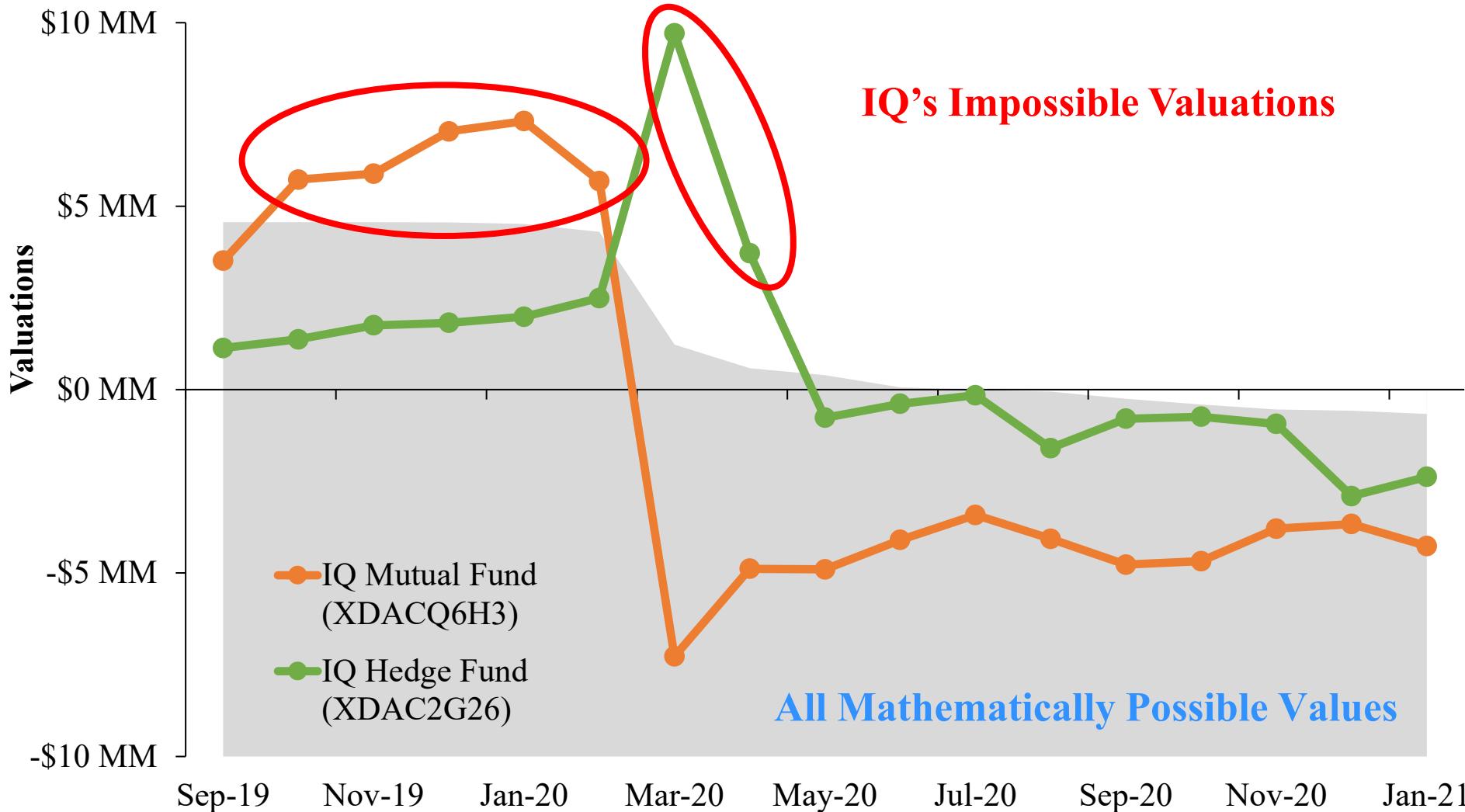
# IQ Valued a Variance Swap Above the Maximum Possible Value

NERA  
ECONOMIC CONSULTING



# IQ's Valuations Exceed the Maximum Possible Gain In Multiple Months

**NERA**  
ECONOMIC CONSULTING



# Total Impact of IQ's Impossible Valuations

**NERA**  
ECONOMIC CONSULTING

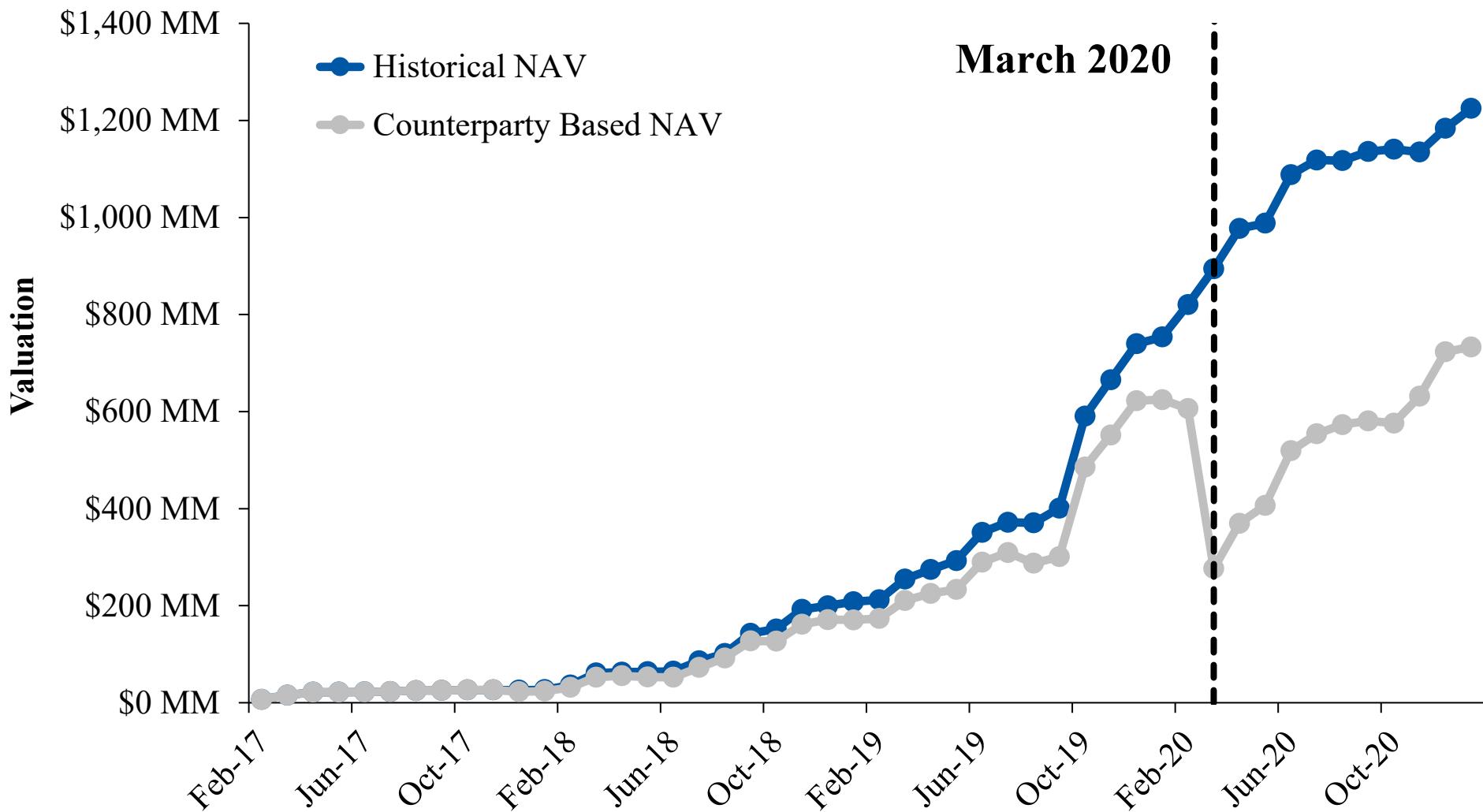
Months With Impossible Valuations (12)	October 2019 to September 2020
Count of Positions With Impossible Valuations	7
Number of Impossible Monthly Valuations	30
Sum of Infinity Q Valuations	-\$94 MM
Sum of NERA Valuations	-\$306 MM
<b>Total Inflation in Infinity Q Valuations</b>	<b>\$212 MM</b>

Sources: GX-300, GX-301, GX-1301-1402, GX-5000-5129, GX-8000-8068

## 4 | Quantify Impact on Investors and Fees

# But-For NAV Using Counterparty Valuations

**NERA**  
ECONOMIC CONSULTING

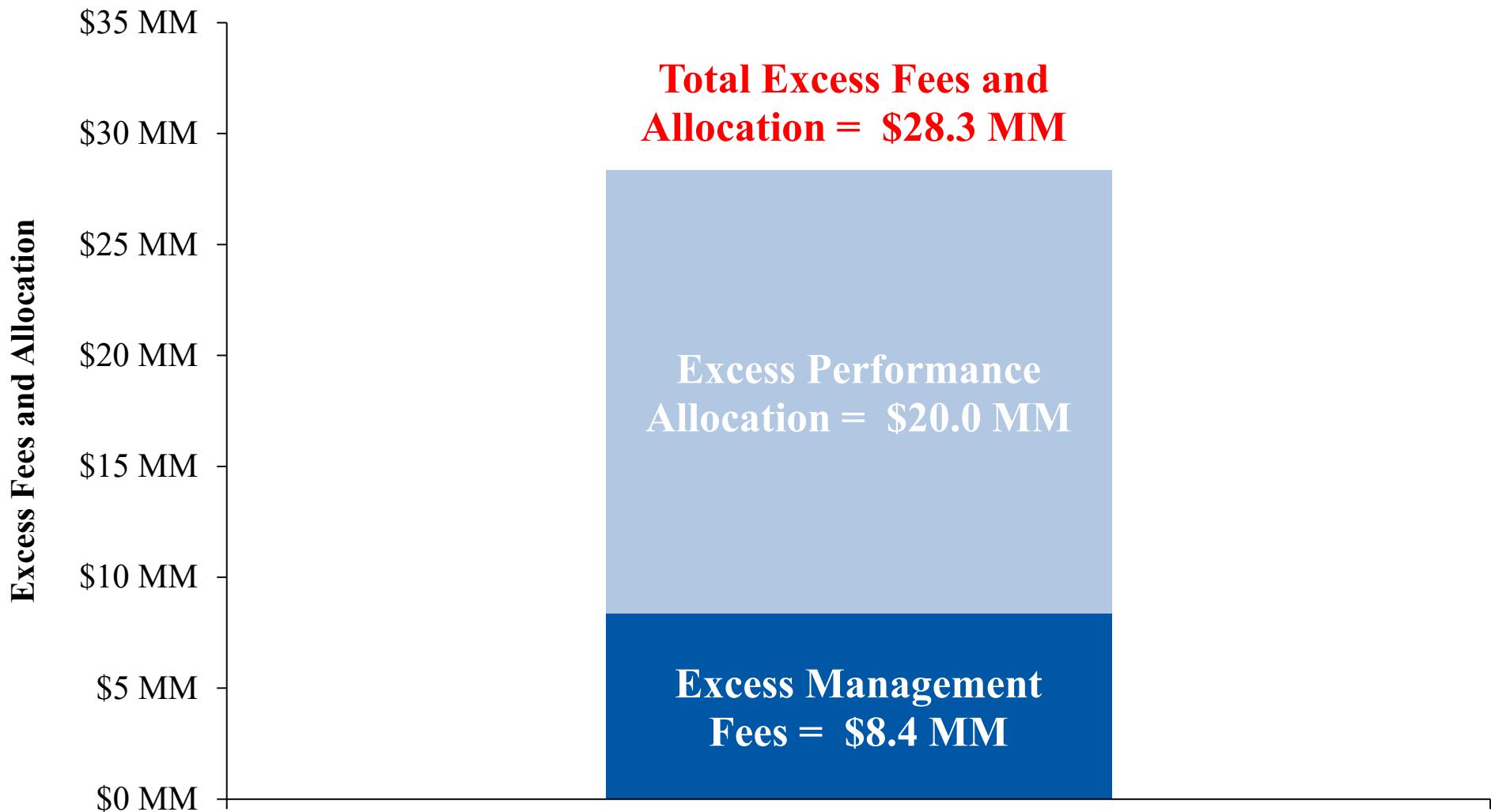


Sources: GX-5000-5065, GX-5102-5111,  
GX-7200-7279, GX-9000-9506

DRAFT - Privileged and Confidential -- Preliminary and Unchecked

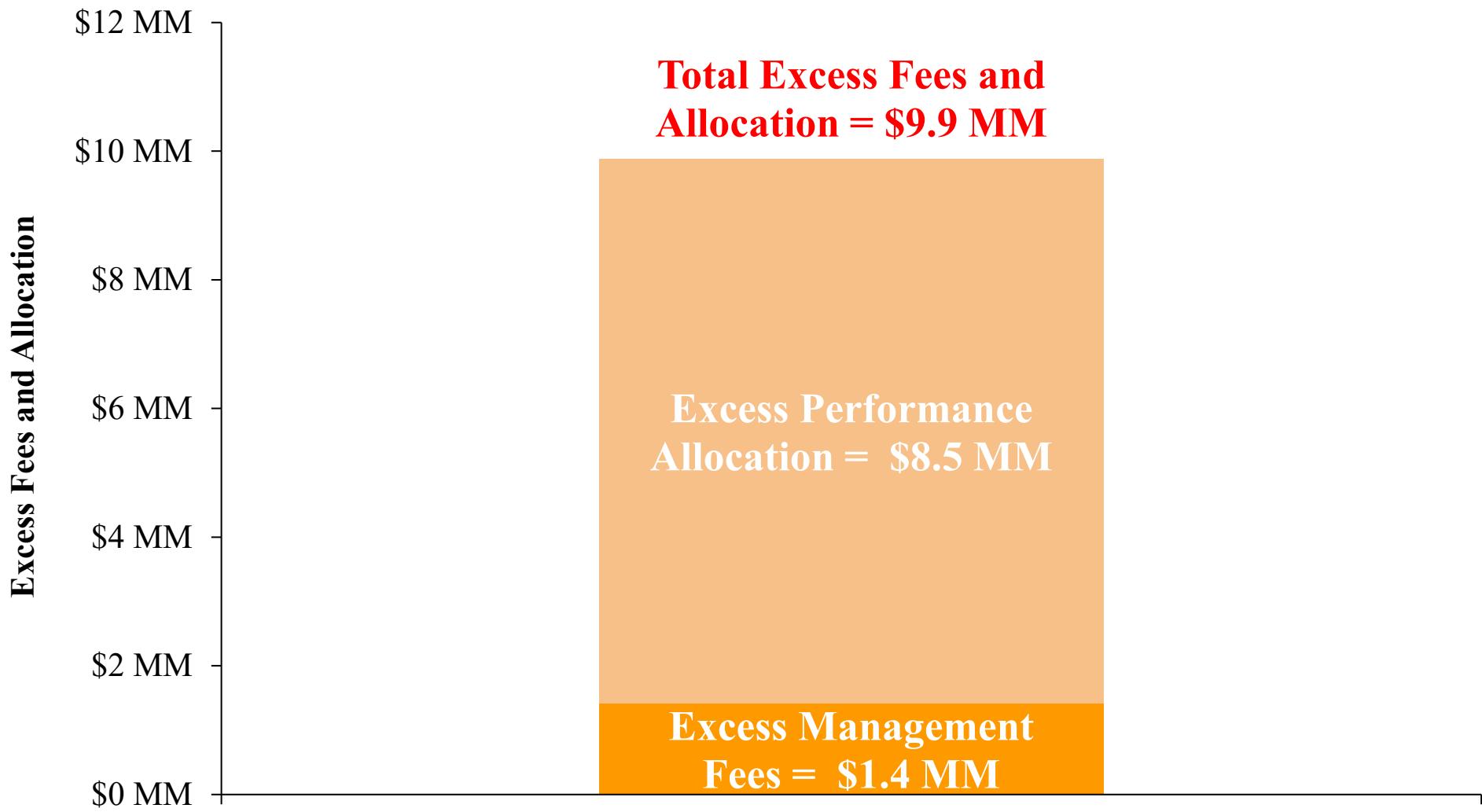
# Excess Investor Fees for the Hedge Fund Using Counterparty Valuations

NERA  
ECONOMIC CONSULTING



# Excess Investor Fees for 27 Hedge Fund Positions

NERA  
ECONOMIC CONSULTING



## QUALIFICATIONS, ASSUMPTIONS AND LIMITING CONDITIONS

This report is for the exclusive use of the NERA Economic Consulting client named herein. This report is not intended for general circulation or publication, nor is it to be reproduced, quoted or distributed for any purpose without the prior written permission of NERA Economic Consulting. There are no third party beneficiaries with respect to this report, and NERA Economic Consulting does not accept any liability to any third party.

Information furnished by others, upon which all or portions of this report are based, is believed to be reliable but has not been independently verified, unless otherwise expressly indicated. Public information and industry and statistical data are from sources we deem to be reliable; however, we make no representation as to the accuracy or completeness of such information. The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. NERA Economic Consulting accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client. This report does not represent investment advice nor does it provide an opinion regarding the fairness of any transaction to any and all parties. In addition, this report does not represent legal, medical, accounting, safety or other specialized advice. For any such advice, NERA Economic Consulting recommends seeking and obtaining advice from a qualified professional.

